



~~RESTRICTED~~CHINA - HIGHWAY TRANSPORTATIONA. POLICIES

1. Policy governing the development and use of highways in China is determined by the state. The major objectives of Chinese highway policy are: (a) restoration of highways which have been damaged or destroyed; and (b) modernization of road surfaces wherever peaceful conditions and limited resources permit. In practice, however, little beyond maintenance can now be attempted.
2. Theoretically, a completely coordinated transportation system was established by the delegation to the Ministry of Communications of responsibility for all media of transportation. Actually, however, highway policies are determined and administered relatively independent of those for other forms of transportation.
3. Strategic and military considerations now dominate highway policy in the north and northeast. Even in south and west China the government makes an effort to keep the roads open wherever possible for use in military eventualities.
4. While government initiative is a prerequisite to the development of provincial highways, as well as a system of national highways, the central government is seriously handicapped by meager resources in foreign exchange, primitive equipment and insufficient technical personnel. Generalissimo Chiang Kai-shek's ten-year plan, nevertheless, envisions a well-coordinated system of highways connecting the important centers, particularly those not served by rails, in Central, West and South China. This comprehensive and ambitious program, patently unrealistic, calls for 253,000 kilometers of highways, with an eventual goal of 1,500,000 kilometers. Chinese authorities also have ambitious plans for developing highway transport. They intend to organize a government monopoly of commercial bus and truck services on main highways, granting franchises to private companies only for operations on secondary roads. The contemplated government-operated services, furthermore, would control distributing points and central fueling stations, thus excluding commercial gasoline companies and tire dealers from a substantial portion of the retail market.
5. Much of China's economic life is controlled by powerful family groups, some of which are close to the government, and local political factions. Those vested interests exert great pressure on all phases of government policy affecting their interests. Since no substantial extension of the highway network or development of motor transport could occur without affecting these private interests in many ways, their influence in the government is used to accelerate or retard highway projects in accordance with their individual interests. The Chinese motor transport industry, on the other hand, is too young and unorganized to wield any considerable influence on the central government.

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Historical conditions influence highway transport policy chiefly in the sense that Chinese history has established a tradition of primitive overland transport and thus created an inertia against progress. Indifference, and, indeed, actual resistance to change has been historically a major factor retarding the development of highway transport in China. Geographic conditions have contributed to this stagnation by interposing many formidable obstacles, such as difficult terrain, unmanageable streams and poor natural distribution of construction materials. Political conditions operate both as an incentive and a complicating factor in highway transport development. While the improvement of communications with outlying subdivisions would be of great political advantage to the Nationalist Government, no programs of national scope can be instituted without considering the views of local political authorities. If the current military emergency is resolved, highway transportation will develop essentially as a compromise of economic factors; it will be a long time before the limited capabilities of the Chinese economy can do more than satisfy a fraction of China's basic need for adequate overland transport.

B. ORGANIZATION

1. The Ministry of Communications is the focus of Chinese Government authority over all forms of transport, including highways. The Railway and Highway Department of the Ministry includes the National Highway Administration.
2. The Railway and Highway Department of the Ministry of Communications is charged, according to Article VII of its organic law, with the following responsibilities pertaining to highways:
  - (a) planning and construction;
  - (b) operations on highways, including subsidiary activities;
  - (c) engineering and mechanical questions; and
  - (d) supervision of highways.

In addition to the above functions, the National Highway Administration controls provincial and other highway administrations and various regional motor transport administrations, including the Metropolitan (Shanghai, Peiping, Hankow, etc.) highway departments.

3. Some coordination of highway matters with other forms of transportation evolves from consultations between heads of the respective Departments and their subordinates in the Ministry. Over-all policy planning within the Ministry is supervised

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by the Minister of Communications and his two Vice-Ministers. The highest policy and planning level for all media of transport, however, is the Executive Yuan.

4. The administration of highways in China has been under various organizations since the formation of the Republic. From 1927 until 1941 matters relating to highway administration and transport were handled by the Bureau of Highways and the National Highway Transport Administration in the Ministry of Communications. In July 1941, both of these agencies were transferred to the Transport Control Bureau under the National Military Council. The need for more efficient highways and for improved coordination with the other overland forms of transportation led the government to place the administration of highways again under the Ministry of Communications at the end of World War II.
5. It is undoubtedly the desire of the Minister of Communications to direct the Ministry's operations for the public good. The factors preventing efficiency are largely beyond his control. They include vast equipment shortages, commandeering of facilities by the military, and the interruptions and destruction of highway facilities incident to the current civil war.

**C. ADMINISTRATION**

1. Plans for new highways originate in the Railway and Highway Department of the Ministry. After discussion with various officials within and without the Ministry, they are submitted to the Executive Yuan for final decision. While the construction of new highways is the responsibility of the Ministry of Communications, the Ministry's capabilities are frequently nullified by military commanders, who can demand that the Ministry's technical and other trained personnel be diverted to development of road facilities required by the National Defense Minister in the prosecution of the civil war.
2. Motor transport rates are proposed by the administrations or companies operating on the highways. After consideration by the Ministry of Communications, they are passed to the Executive Yuan for final approval. The Yuan is loath to grant increases now because of the inflationary tendencies caused by higher rates. Pleas of the Minister of Communications, asking for discretionary authority to grant limited rate increases, have so far been denied. All increases granted to date have been so low as to continue to lag behind price raises. This seems to be Chinese policy.

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3. It can hardly be said that competition in motor transport is fostered in China. Motor transport is so undeveloped that competition is an academic issue. A few privately-owned highway transportation companies have been granted franchises over secondary routes, but competition does not concern them as much as high operating costs and inadequate demand for the services offered. Competition can, if desired, be effectively controlled by the requirement that motor transport services offered must be approved by the Ministry of Communications prior to initiation and by extensive subsidies which the government currently pays to its own highway companies.
4. Detailed regulations are in effect governing motor vehicle operation and inspection, investigation of accidents, penalties for violating traffic regulations, and the use of highways. The final authority on regulations pertaining to highway use rests with the Executive Yuan. The extent to which the Ministry of Communications promulgates highway regulations may be judged from the results of the National Highway Traffic Commission Conference in 1937, which presented full regulation for adoption by the National Government covering the following measures:
  1. Regulations for the Management of Traffic on Highways
  2. Regulations Governing Penalties for Violation of Traffic Regulations
  3. Regulations for Bicycles Traveling on the Public Highways and Uniform Rate of Taxation
  4. Regulations for Uniform Taxation of Motorcycles
  5. Regulations of Drivers of Public Buses or Commercial Automobiles in different Cities and Provinces
  6. Regulations Prohibiting Private Automobiles from doing Commercial Business on Highways
  7. Regulations for the Joint Transportation Procedure
  8. Regulations Governing Uniform Payment of Wages to Drivers on the Highways
  9. Regulations Governing the Compensation for Automobile Accidents on the Highways
  10. Regulations for Savings of Highway Staffs and Officers
  11. Transportation of Motor Freight on China Highways

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5. The Chinese Government has fostered the training of highway and motor vehicle engineers and technicians. The training of 1,200 Chinese in US industry and universities included many specializing in highway design and other features of highway transportation. Chiang Kai-shek's ten-year program calls for thousands of engineer graduates and technicians needed to carry out the ambitious public works program outlined in his book, "China's Destiny." All highway engineers and all motor vehicle operators, including trucks and buses, are licensed by the government.
6. The lack of through highways suitable for motor traffic obviates the need for international agreements on motor transportation.
7. Both publicly and privately-owned operators on the highways submit reports on operations and accidents. The very detailed highway safety measures, however, are reported to be enforced rather loosely. The various regional, provincial and local highway administrations submit annual reports to the Railway and Highway Department. Passenger and freight statistics for various provinces have been published.

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